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Acheson, N. (2012). The co-construction of new policy-spaces for state third sector engagement: an exploration of third sector agency in austerity driven welfare states. In *Unknown Host Publication* (pp. 1-28). Irish Society for Theatre Research.

[Link to publication record in Ulster University Research Portal](#)

**Published in:**  
Unknown Host Publication

**Publication Status:**  
Published (in print/issue): 11/07/2012

**Document Version**  
Author Accepted version

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# **The co-construction of new policy-spaces for state third sector engagement: an exploration of third sector agency in austerity driven welfare states**

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## **Abstract**

This paper argues that changes currently underway in how governments seek to manage welfare provision at a time of falling budgets is changing the options that are available to TSOs in navigating these welfare spaces. Drawing on emerging evidence of changes within the policy field of supported housing in Northern Ireland, it argues that a model in which government has sought to deal with the third sector as it finds it, based on an acknowledgement that TSOs, while valuable for public policy delivery, emerge from organic processes within civil society itself, is being replaced by an attempt to design a sector specifically organized to deliver public services according to strictly predetermined policy priorities. We see the formation of a view within government that conceives of partnership as a matter of resource acquisition for the better achievement of government objectives. Talk of partnership is a misnomer. This new environment is closer to a grab for the resources that TSOs can offer whether these are legitimacy or expertise, or gains in efficiency. The paper seeks to explore the complex relationship between institutional histories of state third sector relations, the narratives of change available to TSOs and the webs of belief that underpin their interpretations of their interests. How come, the paper asks, do TSOs end up co-constructing policy regimes that systematically close off possible futures?

## Acknowledgements:

This paper draws on a research project, 'Housing Partnerships in Northern Ireland' funded by the Northern Ireland Housing Executive being carried out by the author and by Prof David Mullins, University of Birmingham and Dr Jenny Muir, Queen's University Belfast. Thanks are due to Dr Rachel Laforest, Queens University, Kingston, Ontario and to Dr Susan Hodgett, University of Ulster for stimulating discussions of agency and governance narratives.

WORK IN PROGRESS: NOT FOR CITATION WITHOUT AUTHOR'S PERMISSION

## **Introduction**

The literature on welfare reform delineates a trend away from “traditional welfarism” (Evers, 2009) in which social rights of citizens are underpinned by state financed and directly managed universal services towards a set of much more fluid arrangements that are themselves contradictory and contested (Surender, 2004; Lewis, 2004; Clarke, 2004; Newman, 2005). If the traditional welfarism that predominated in Western Europe in the decades following the second World War was typified by top-down hierarchical methods of coordination and policy delivery, more recent emerging forms of governance have relied on a more complex web of relationships in what Evers (1995) has described as the “welfare mix”. This process of change, it is sometimes claimed, has been accompanied by a diffusion of power through policy networks and partnerships (Rhodes, 2007), one consequence of which has been an enlargement of the political and social space occupied by third sector organisations (Casey et al, 2010) as they have been increasingly incorporated within mainstream means of public service delivery through a process of outsourcing that dates back over two decades across many different types of welfare regime (Bode, 2006; other refs).

Third sector organisations have become positioned in the welfare mix in a wide variety of ways, reflecting the diversity of the sector itself and indeed the diversity of policy fields in which they have become entangled. Attempts to categorise the range of responses of TSOs to this new funding environment in terms of their relationship with state agencies, for example on a continuum from cooperation to confrontation (Najam, 2000) have been criticised for failing to capture some of the complexity of the relationship that has been found whereby many organisations that participate in contractual relationships combine compliance and resistance (Buckingham, 2012) and seek to exercise agency to strategically position themselves in the welfare fields in which they operate (Chew and Osborne, 2009), some to preserve a capacity to resist aspects of government policy

while at the same time becoming heavily reliant on government contracts (Buckingham, 2012) in strategies that seek to enable them to differentiate their activities in ways that reflect their charitable or nonprofit form (Cairns et al, 2010).

This paper argues that changes currently underway in how governments seek to manage welfare provision at a time of falling budgets is changing the options that are available to TSOs in navigating these welfare spaces. It discusses this trend from a UK context and charts a change from the New Labour period to a post-austerity politics. Drawing on emerging evidence of changes within the policy field of supported housing in Northern Ireland, it argues that an earlier model of government third sector partnership is being superseded by something quite different. A model in which government has sought to deal with the third sector as it finds it, based on an acknowledgement that TSOs, while valuable for public policy delivery, emerge from organic processes within civil society itself, is being replaced by attempts to design a sector specifically organized to deliver public services according to strictly predetermined policy priorities. A combination of continuity in the use of a discourse of “partnership” and the legacy of a particular institutional history to government third sector relations has so far tended to hide some of the implications of these changes.

The trajectory of change that the paper identifies has echoes of processes in other jurisdictions such as Canada (Phillips, 2012, forthcoming) and in the UK context, England (Taylor, 2012a; 2012b forthcoming). The paper seeks to explore the complex relationship between institutional histories of state third sector relations, the narratives of change available to TSOs and the webs of belief that underpin their interpretations of their interests. How come, the paper asks, do TSOs end up co-constructing policy regimes that systematically close off possible futures?

Northern Ireland is of particular interest because it combines being a fully paid up member of the post austerity welfare experiment at the same time as its civil and political institutions are shaped by its status as a post-conflict society and the legacy of over 30 years of inter-communal violence. It is argued that this has created a particular institutional history that is leaving the third sector ill equipped to deal adequately with the new realities.

This paper draws on a scoping study of the 'Supporting People' programme in Northern Ireland, a complex policy field that straddles four related but distinct policy domains – social housing, social care for vulnerable adults, homelessness and offender management – and where almost all service delivery is carried out by third sector organisations. It uses analysis of policy documentation and interviews with a sample of housing association and provider organization chief officers and government officials. It argues that changing ways that third sector organisations perceive their interests is enabling them to co-construct a revised policy regime that rests on a new language of "partnership" that is supplanting third sector actors' assumptions about the nature of their relationship with state agencies. Capacity to resist this dynamic depends, it is argued, on an institutional history that permits the emergence or renewal of alternative voices through social movements.

### **Partnership governance, policy networks and organisational agency: towards a conceptual framework**

The style of public administration in what we may think of as post welfare states has become dominated by a complex web of governance networks - "public policy making and implementation through a web of relationships between government, business and civil society actors" (Klijn and Skelcher, 2007: 587). Predicated on an assumption of both government and

market failure, these structures are widely used, posing new problems in policy coordination and delivery.

Third sector organizations (TSOs) have thus become increasingly embedded in political institutions and governance networks within the policy fields in which they operate (Evers, 2004; Gronjberg and Smith, 2006; Dekker, 2009). In the orthodox view (Bevir, 2010), the internal coherence of these networks is sustained through sets of norms and rules that determine who does what and when, and the ends to which the efforts of the network are directed (the nature of the social problem that the network is designed to address). These institutional policy fields are sustained by “a relatively enduring collection of rules and organized practices...that prescribe appropriate behavior for specific actors in specific situations” (March and Olsen, 2006, p4). Rules are followed, it is argued because they seem appropriate, natural, expected and legitimate (March and Olsen, 1989, 2006).

The rise of networked governance has been associated with a narrative of change from government to governance in a process that, it has been claimed, has hollowed out the state as power has moved down and sideways to a plethora of quasi-government institutions and arrangements comprised of non-government as well as government actors (Rhodes, 2007). But the orthodox view that rule-defined networks are self-sustaining entities in which power is diffused has come under attack from two directions leading Davies to declare “the high tide of networked governance may have passed” (Davies, 2011: 4).

First, it is argued that it under-estimates the residual power of the state. The empirical literature shows that in practice there are deep inequalities among the parties, with TSOs often being at a disadvantage (Alcock and Scott, 2002; Taylor, 2003). Studies have consistently shown

that state agencies retain the power to determine the rules that govern networks in policy fields, and the discourses that sustain their legitimacy (Davies, 2011). Using a Gramscian framework, Davies (2011: 101) further argues that the promotion of networked governance “can fruitfully be understood as a dimension of neoliberal hegemonic strategy” in which civil society is captured by the coercive power of the state, acting on behalf of powerful interests.

In this way governments continue to steer through a process of metagovernance (Newman, 2005) whereby they define the context in which network actors negotiate with one another, who should be included and the terms of inclusion in a process that has proved to be “less a hollowing out of the state than a complex and variegated shift in the pattern of rule” (Bevir, 2010: 89). Metagovernance occurs through the use of regulatory instruments such as charity law (Phillips and Smith, 2011) and the imposition of contract based funding regimes that include judgments about capacity to be a fit provider of public services (Carmel and Harlock, 2009), but also in sustaining the normative discourses that allow governance networks to function.

Second, the framing of new forms of governance as rule-bound networks not only tends to hide underlying power structures, but it also misunderstands agency. The treatment of networks as empirical objects of study freezes their components in time and cannot account for agency as a source of change (Bevir and Rhodes, 2010). Instead, in decentring analysis by focusing on the social construction of institutions “through the ability of individuals to create and act on meanings” (Bevir, 2010: 85), attention shifts to practices as the products of situated agency. Critical of new institutionalists for not taking agency seriously enough, Bevir and Rhodes, (2010) elaborate the concept of situated agency as the capacity of individuals to exercise agency and adopt beliefs and practices, but always in the context of existing webs of belief. Based on an

interpretivist epistemology, they understand institutions, not as the fixed embodiment of rules and norms, but “sites of contingent, open-ended struggles over meaning” (Bevir, 2010: 59), conducted by situated agents through actions that, when they coalesce into an identifiable pattern, constitute a practice (Bevir and Rhodes, 2010: 75). Practices can only be understood with reference to the webs of meaning and belief that inform the interpretations of the agents situated within them, including the ways in which they understand their interests. Power, in this view, is exercised through the way it constrains, or shapes the interpretation of interests through available webs of belief (Bevir and Rhodes, 2010: 76).

In this account, governance narratives are contested in that although governments as holders of both financial and legitimacy resources have significant influence, they cannot determine their primacy without the active co-construction, or agency, of other actors. So long as governance structures in which they participate remain intact, far from being hapless victims of welfare state restructuring, TSOs have interpreted their own interests to act in ways that consolidate and reproduce the power relations that are embedded in these structures. This shared understanding holds these structures together. Participating TSOs present versions of their own histories, based on webs of belief about their interests tailored to the beliefs of their government funders (Teasdale, 2010).

The webs of belief that underpin these interpretations of interests are themselves formed from the backdrop of institutional histories, correlates of shifting narratives that embody sets of ideological commitments around the respective roles and functions of the state and of voluntary action in addressing human needs and the proper relation between the two. In particular TSOs draw on sets of beliefs about what sets them apart from other providers in a mixed economy welfare field. Comparative literature shows how these institutional histories have varied



between differing states (Salamon and Anheier, 1998, Kendall, 2009a, Gidron and Bar, 2009, Casey et al, 2010). Single country studies have emphasised the range of competing ideological components that can co-exist in shared state third sector policy spaces and their institutional correlates and how these have changed over time (Kendall, 2009b; Alcock, 2010). Such conflicting and contested narrative threads have opened spaces for TSOs to adopt ambiguous strategic positions in these welfare fields.

Thus understood, analysis of the way TSOs have exercised agency in these governance spaces is crucial to understanding how they work and the ways they are being restructured as they respond to pressures of reducing budgets and the ideological preferences of governments. In turn, this analysis requires a sensitive awareness of the ideological commitments embedded in the institutional histories that form the backdrop of TSO's interpretations of their interests.

This paper argues that the case of Northern Ireland, a region still in the process of transition from open ethno-religious conflict, throws an interesting and novel light on the ways that a particular institutional history of state third sector relations, with roots in conflict management and resolution, has structured TSO interpretations of their interests. These interpretations have had the effect of closing off alternative voices leaving the sector as a whole more vulnerable to a rapid reconstruction of their relations with the state in the name of making reducing public budgets go further. The lesson of the case is to emphasise the importance of institutional histories of TSO state relations as a reference point for the webs of belief that underpin the role of TSOs in the co-construction of post austerity governance spaces.

The argument proceeds as follows. It first discusses the ways in which Northern Ireland's history and status as a transitional society has created a particular understanding of TSO state 'partnership' and a set of institutional correlates arguing that it has left TSOs with little room to

articulate alternative voices. It then seeks to examine some of the consequences through analysis of contemporary pressures on a paradigmatic public policy based on a successful, within its own terms, public TSO partnership, 'Supporting People', a policy designed to keep vulnerable people in their own homes and out of institutions. After outlining the background and development of the policy, it draws on a set of interviews with participating TSOs and government officials to identify some core themes that throw some light on how the institutional history of TSO state relations has coloured the ways participating TSOs have interpreted their interests, leaving them particularly vulnerable to institutional reform. The interviews were conducted at intervals over a period between early 2011 to summer 2012 as part of a scoping study on housing partnerships in Northern Ireland.

### The legacy of the conflict

The conflict in Northern Ireland over national identity lasted over 30 years and has had a devastating long-term effect on society and the economy (Horgan, 2006). This has impacted on the policy challenges faced by government in dealing with that legacy. It also provided a framing narrative, initially promulgated by elements in civil society, around which government and third sector relations developed in the 1990s (Acheson et al, 2004). Webs of belief within this narrative structure about a broader role for the sector in the transition to peace have promoted interpretations of the value of state TSO partnership whilst at the same time structural features of the 1998 political settlement closed off spaces for alternative voices.

In the early years of the peace process in the 1990s voluntary and community-based organizations sold themselves, and came to be seen, as important building blocks in establishing and then sustaining the community-based elements that underpinned the paramilitary ceasefires (Acheson et al, 2004; Acheson and Milofsky, 2008). By 1993, the then

direct rule administration run by a Conservative government at Westminster acknowledged that the state had a responsibility to support and nurture community development in a policy shift that also had a clear focus on community relations (Morrow, 2012). As a result, TSOs came to be seen and to see themselves as an essential element in the core task of government, “the alpha and omega of public life” (Morrow, 2012: 45) – the transition from conflict. The sector’s role developed out of the belief that in the context of deep communal divisions and a form of government that lacked democratic legitimacy, its capacity to organise around issues that crossed the communal divide and its close links to people struggling with “everyday” issues offered people an alternative route to political influence through combining a perceived capacity to generate bridging social capital with interest group representation.

The 1998 political settlement produced a consociational compulsory coalition between two broadly nationalist party blocs representing each of the Irish and British national identities within Northern Ireland. As in previous elections, in the most recent Assembly election in 2011 there were almost no transfers of votes between the two main ethno-religious blocs (Nolan, 2012). As a result, the two main political party blocks are not in competition with each other for votes and consequently ideologically based policy directions are never decided at the ballot box. This has tended to result in government by the “lowest common denominator” (Gray and Birrell, 2012) with political differences over policy, when they arise, never being resolved and a distinct risk-averse and extremely path dependent style of public administration. “Northern Ireland is a policy-light zone, almost a policy free zone... It’s because the inter-communal divide and constitutional issues take up so much precedence and all the policy issues are seen through the prism of the position of the respective communities” (Trench, 2011, cited in Nolan, 2012: 121). The political opportunity structures

of government thus systematically squeezed out spaces for the maturing of interest group social movements, capable of inserting alternative voices in the political process (Acheson and Milofsky, 2008).

TSOs were left with a narrative of peace building and conflict transformation that was to have no long-term policy correlates. Funds for peace building were enormous at the end of the 1990s and the beginning of the 2000s. But almost all this money came from the European Union, the International Fund for Ireland and private philanthropy, bodies with no direct responsibility for public policy in Northern Ireland. Between 1994 and 2006, for example, the European Union had alone contributed over €1.6bn to the Peace Programme, almost €1.0bn of which was channelled through the voluntary and community sector (SEUPB, 2008). In contrast, government funding for the sector became increasingly focused on public service delivery (Acheson, 2010). As the European Union programmes wound down after 2006 and became more closely focused on achieving reconciliation outcomes, funding for public service delivery continued to grow. Fuelled by increasing numbers of contracts to deliver public services, recent estimates suggest that earned income may now comprise 58% of all third sector income in Northern Ireland (NICVA, 2012).

The direct rule administration that governed Northern Ireland between 2002 and 2007 had continued to view the third sector as having a central role in the transition from conflict in its 2005 policy, *A Shared Future* (OfMDfM, 2005). This extolled the ability of the sector to generate bridging social capital and offered it the promise of access to funding streams that would facilitate this contribution. But there was no time to integrate this policy initiative into the development of joint structures before the devolved administration was re-established in 2007.

One of the first acts of the new administration was to shelve this policy and in the five years since then it has been unable to agree a replacement. This is one of a number of critical policy issues that are blocked because compromise between the two party blocks in the Northern Ireland Assembly has proved impossible to reach, in this case because each is committed to a diametrically opposed interpretation of the basis of the Northern Ireland conflict. But a consequence has been that there has been no policy space for the sector to argue for an updated version of its 1990s position on its role in conflict transition. Coupled with the systematic closure of political opportunities for social movement formation, in effect the third sector policy field was left open to be wholly populated by concerns over public service modernisation (Acheson, 2010).

An important consequence of this dynamic has been a set of institutional relationships between the local state and TSOs, that embodied a commitment to partnership, but which had derived a large part of their legitimacy in the sector from their roots in a shared narrative of the state and the sector working together to further the transition from conflict. In this understanding of partnership, in the interests of a broader goal of social integration and social inclusion, government deals with the sector as it finds it based on a narrative that holds that the organic features of third sector development are themselves important for achieving these goals.

Now a government that understands 'partnership' wholly in terms of what TSOs can offer to help deliver government programmes, can effectively dictate the terms of engagement, ushering in a new form of partnership, arrangements whereby government agencies charged with delivering public policy seek to mould their third sector partners into what they perceive as the most efficient and effective delivery systems. The argument here

is that TSOs in Northern Ireland are trapped by their institutional history into acting on interpretations of their interests that constantly reinforce this dependency, leaving them particularly vulnerable to the imposition of this new form of partnership arrangement. They have nowhere else to go. Evidence emerging from a study currently underway into TSO responses to pressures on a housing support programme for vulnerable people shows how this is done.

## **Supporting People**

### Background to the policy

‘Supporting People’ is a paradigmatic policy and programme of the new Labour period in the UK and was a particularly important driver of changes in the funding and role of TSOs in welfare production during this period as well as the sets of relationships within specific welfare policy fields. The aim was to develop housing support services that would enable vulnerable people to access accommodation suitable to their needs (NIHE, 2005). It reformed the way housing support was provided to vulnerable groups in society, substantially increased the resources available and was rolled out across the UK in 2003 according to shared principles and standards.

It is possible to identify three dimensions to the problems that the policy was designed to offer a solution (Carr, 2005). First there was a perception in government that housing support for people at risk of returning to closing forms of provision such as long stay hospitals was not strategic and spending was seen as out of control; second, the management and regulation of provision was deemed to be inadequate, driven by initiatives developed within the third sector as a response to the absence of other solutions; third, it was failing in a fundamental requirement to manage risk to the general public from unruly and potentially dangerous people.

The programme thus operates at the intersection of three policy agendas, the role of social housing in a neo-liberal welfare system, community care, and the need to discipline those whose behaviour is deemed anti-social in a world of responsibilized consumer citizens (Carr, 2005; Clarke et al, 2008; Parr, 2010).

Although designed to address the needs of people who are homeless, ex-prisoners and victims of domestic violence among other vulnerable groups, the roots of the programme were in reforms in the early 1990s to the way vulnerable people who had hitherto lived in hospitals and other large institutions were looked after. The hospital closure policy had a long history in the UK, dating back to the late 1950s, but changes in the way that support would be financed provided the means of moving people out of hospital much more quickly. Service models for supporting vulnerable people in the community had been pioneered in third sector organizations, some of which had been set up to directly address the lack of state recognition of the problems they set out to tackle. The availability of providers and a government commitment to out-sourcing, meant that most of the new services were provided by third sector organizations, many of which had been active in the field with much less state recognition for many years. At the same time the growth in numbers of people in social housing requiring support meant that housing management became increasingly drawn into a welfare role for which it was ill equipped (Carr, 2005) as more tenants required support to maintain their tenancies. Demand led and poorly regulated, public perceptions of the policy were influenced by fears that the people living in these new schemes were not properly supervised<sup>1</sup>.

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<sup>1</sup> In 1992 a man with diagnosed schizophrenia attacked and murdered a bystander at a railway station giving a dramatic focus to these concerns (Carr, 2005). The subsequent inquiry suggested that poorly managed housing was a contributing factor.

These policy drivers pointed in the direction of a dedicated budget and closer regulation.

Supporting People was announced by the government in December 1998 and introduced across the UK in 2003. It transferred money from Housing Benefit and other sources to a single dedicated and much-enhanced budget. An idea of its size can be gained by a notional budget for England of £6.6bn set aside in the October 2010 Comprehensive Spending Review. In Northern Ireland its budget in 2009-2010 had grown to £64m and was the single biggest source of funding available to third sector organisations, attracting many organisations new to housing support services in the process.

#### 'Supporting People' in Northern Ireland: using the third sector as it is found

The structure of 'supporting people' as a policy field as it has developed in Northern Ireland since its introduction in April in 2003 demonstrates features of state third sector partnerships where the state seeks to deliver a regulated government programme through the sector, using delivery models pioneered in the sector while at the same time dealing with the sector as it finds it. The first feature is complexity. This has its source in the multi-dimensional nature of the policy field, drawing in the government departments of Justice, Health and Social Care, and Social Development together with their respective non-departmental public bodies (NDPBs), the probation board, the regional health and social care board, five health and social care trusts and the Northern Ireland Housing Executive (NIHE). The programme is administered by NIHE, but all the relevant NDPBs are involved in strategic commissioning decisions.

The complexity is compounded by the delivery system. Costing £64m a year, the programme is delivered through about 800 contracts with about 110 third sector providers providing services to around 23,000 people. In most cases a particular scheme is managed and delivered by a specialist TSO with a joint management agreement with one of the 33 registered housing associations in Northern Ireland responsible for building and managing the property in which the scheme is based.



The exceptions are where the support is delivered to people who live in dispersed privately rented accommodation or in some cases where the housing association provides both the accommodation and the support services.

Second, complexity is managed through intelligent commissioning and negotiation based on long-standing relationships with a set of TSOs with approved supplier status gained from passing regulatory quality benchmarks. Very little use has been made of competitive procurement procedures with the managing government agent, the Northern Ireland Housing Executive (NIHE) very resistant to their use. There has only been very mild pressure on participating TSOs to merge; regulation, while focusing on adequate governance arrangements, centres on operational quality. Once service standards are met, the absence of competitive tendering means that contracts are generally not in themselves used as a regulatory instrument.

A third feature flows from this. There is a level of disconnection between assessments of the need for the service and the commissioning of specific schemes. Needs assessment and decisions to commission the development of services to meet needs are made by government agencies at arms length to the third sector providers, which have no formal role in this process. But decisions on what schemes to put on the ground are led by NIHE officials on the basis of existing relationships with, and prior knowledge of, the third sector provider partners through a process of negotiation. While they are frozen out of decisions over needs assessment, this approach can nevertheless be seen to be protective of the interests of the approved third sector providers as there are no opportunities for potential external competitors to enter the field.

Our evidence suggests that the provider TSOs are nevertheless acutely aware of their vulnerability both to competitive pressures and changing policy priorities that could see resources

shifting elsewhere. One respondent recalled a particular difficult negotiation with its housing association partner:

We've recently, for example, renegotiated our service level agreement with the housing association and the very first meeting was really quite an angry affair and quite difficult, because we were coming at things from very different positions and we really did feel that the housing association, which by the way also had a care provision wing, was potentially trying to nudge us out. So that its own care provider within its own organisation could take over our schemes, given that they owned the housing. All they needed to do was nudge us out and take over the care. And at the very first meeting I made no bones about saying that, and saying "Look, why should I trust you in this discussion?", because that's where this could lead to, and "If you wipe out our seven housing schemes that decimates this charity."

Emerging evidence suggests that how providers seek to underpin their legitimacy in the policy field depends on their own histories, but that two narrative strategies tend to dominate. One homelessness charity we interviewed referred to its own pioneering role in developing services before there was much state interest in the issue and before there was any formal policy framework. Policies and services and standards developed as a result of lobbying and a set of pragmatic steps to create projects where they were needed and drawing in housing association partners that seemed appropriate at the time. The agency has been able to capitalise on this institutional history to locate itself as a core provider, to an extent able to determine the terms on which it enters individual schemes secure in the knowledge that the Northern Ireland government's homelessness strategy could not be delivered without its service portfolio.

A second common approach was to accentuate their expertise and the quality of the services they provide, particularly in contrast with state managed services. This was a particular theme for those TSOs specializing in mental health and learning disabilities services.

For our seven facilities plus our seven resource centres which we've also got on external assessment we (were) considered to provide the top service. Now the statutory sector I'm sure couldn't achieve that.

It becomes especially important in preserving competitive advantage:

I think something which I emphasise to all staff here is the importance of reputation. So as our reputation grows and strengthens, and we have a very good reputation in this specialist field ..., what I've got to do is ensure that I'm indispensable. I've got to make it very clear that the expertise they're getting in their premises from (our) staff is something they couldn't match, and they would be hard pushed to find any other care provider matching.

Another respondent commented that the state agencies were allegedly using Supporting People funds to build new accommodation units within the grounds of long-stay hospitals earmarked for closure in contrast to his organization's reputation for managing community-based services for people with similarly high dependency needs.

The interview data suggests that these successful TSOs interpreted their own interests to develop strategies that would serve to embed them more firmly in the policy field and what they perceived as acceptable terms. Shrewd business development designed to capitalise on a pioneering presence in the policy field together with or separately from a deliberate policy to gain and sustain a reputation for quality service delivery to "difficult" people are both significant strategies. Each in its own way seeks to exercise their entitlement to a presence in the policy field

and place limits on government funders' attempts to shape the sector to their need to proactively design the most effective and efficient means of delivering policy. In interpreting their interests, they draw a webs of beliefs about the value of TSOs in public service delivery that emphasize capacity to innovate and expertise underpinned by a commitment to a partnership model that protects their continuing capacity to demonstrate these core values in practice.

Positioning strategies such as these have permitted TSOs to continue to operate within the policy field with reasonable success, navigating a regulatory regime that proscribes tight quality criteria on organizational governance and service outcomes, while nevertheless preserving at the very least the appearance of independence.

#### Pressures for change: partnership as managed market?

A feature of 'Supporting People' in Northern Ireland has been the way that the NIHE has sought to manage the delivery of the programme through a very "hands-on" approach to the TSO partner organizations delivering the services. A series of interviews with NIHE managers between early 2011 and the summer of 2012 revealed a range of interventions mostly designed to shore up organizations that found themselves in difficulty, that relied on long-term relationships and only rarely directly used the regulatory regime to force change. But where there were difficulties, these coalesced around a tension between the priorities and responsibilities of the government agencies commissioning services to deliver on government priorities and the varying capacities of the provider TSOs. Thus far these tensions have remained manageable. TSOs have sought to navigate such tensions by seeking to position themselves as individually essential to the success of the scheme so far as it affected their particular beneficiaries. The structure of the policy field, with its management operationally distinct from the policy-making government departments and in which managing the link between commissioning and service delivery has been the responsibility of the

NIHE, has left participating TSOs the space to rely on such a strategy and given the NIHE the scope to intervene as needed.

A budget freeze since 2008 has put many providers under great pressure. In 2008 a survey of providers warned that by 2010-2011, 73% of schemes would be in deficit and that 50 were at risk of closing (NI Assembly, 2008). In the event by the summer of 2011 only one provider had been wound up and no schemes had closed, although there have been a number of mergers with the NIHE encouraging providers to share back-office functions in order to reduce costs. In practice the NIHE has been able to allocate funds in such a way that it has been able to bailout providers having difficulty in meeting immediate wage bills. In some cases elective mergers have amounted to acquisition “by the back door” in that the funders have held the threat of withdrawal of funding unless it went ahead (Interview 29/07/11). Since 2008, the number of providers has dropped from 123 to 110. There is evidence that some schemes are surviving only through freezing staff wages.

This was in the context of broader trends in government support for the third sector. The most recent evidence suggests that up until 2009/2010 total funding for the third sector from government was increasing. Funding trends are difficult to estimate and are unreliable due to differing methodologies being used in computation and to incomplete data. The most recent estimates from the data available, taking into account changing methodologies, suggest that in 2009/10, total government funding from all sources was approximately £392m, over 50% of total income, up from £279m in 2006/07, then 45% of all income (NICVA, 2012; Acheson, 2010).

In the current spending review period, however, the overall government budget is being reduced by 8% (Northern Ireland Executive, 2011), with some Departmental budgets falling further than that. The most immediate impact has been significant cuts in funds for third sector infrastructure bodies, some of whose allocations have been cut by up to 50% (DSD, 2012). The cuts

are themselves the result of both reducing overall budgets and the reallocation of resources within government departments towards a perceived need to direct resources directly at preferred policy priorities.

The focusing of government resources on clearer and predetermined policy priorities is changing the nature of government's partnership with the third sector. Two inter-related aspects of this change can be identified. First as in 'Supporting People' it will tend to increase pressures on the TSO providers, heavily reliant on government contracts, to further position themselves as core players in priority policy fields. While the results of this trend are to an extent speculative at this stage, it is likely that it will reduce the scope for ambiguity in attitude among participating TSOs. Second and to the extent to which this happens, these TSOs will in turn become willing participants in the restructuring of partnership with government as an explicit tool for achieving policy objectives in policy fields whose participants are chosen by government for their efficacy and efficiency. Policy fields where partnerships are between government agencies and a third sector as government finds it, will be replaced by partnerships with a third sector designed to meet government objectives. The redirection of resources away from third sector infrastructure has both symbolic and practical dimensions, signalling a clear change in government from a view of that valued the third sector as an independent partner requiring investment in its capacity to something more narrowly conceived.

At the time of writing, 'Supporting People' as an exemplar policy field, is at the cusp of radical change that is likely to sweep away its current structures. At present, the NIHE manages its TSO suppliers through a quality control system that polices entry to the field and sustains the quality of services that are provided and through a set of long-term relationships based on funding arrangements that are themselves ambiguous (not quite legal contracts). This is all now under

threat. The government Department responsible for housing policy, the Department for Social Development (DSD), is reviewing the Supporting People strategy at present with three objectives in mind. First it describes the commissioning process as “not fit for purpose” (interview, 08/05/12) with insufficiently clear links between the commissioning objectives and the supplier hired to provide the service. Second, and related to this, there is held to be a lack of transparency in the demonstration of value for money through the absence of public procurement methods in choosing suppliers. Third, and more fundamentally since its implementation would dismember the policy field altogether, it is determined to break the link between the policy areas of housing and social care by handing the money that is currently being spent on supporting people with learning disabilities and long term mental health problems to the Department of Health, Social Services and Public Safety (DHSSPS) on the grounds that expenditure is being driven by health policy priorities rather than housing priorities, namely the objective of closing the last remaining long-stay hospitals. Since this accounts for about 65% of the Supporting People budget, the consequences for the programme as a whole of doing this are self-evident.

So far as the rump ‘Supporting People’ programme is concerned, the DSD has already demonstrated a preferred model of contractual relationship having already enforced just three consortia bids from the 33 registered housing associations for building social housing (Acheson and Muir, 2011) and similarly required the sector infrastructure organizations it funds to submit prime-contractor supply chain bids from pre-determined groups of organizations the Department itself identified.

### **Some speculative conclusions**

At the time of writing, the radical changes to the ‘Supporting People’ programme outlined here are to an extent speculative. But there is enough evidence to suggest the direction in travel.

Whatever changes are in the end implemented are likely to demonstrate an abandonment of a relationship between government and the third sector based around beliefs in the equivalent, yet complementary roles of each party in a larger endeavour of transforming society. Rather we see the formation of a view within government that conceives of partnership as a matter of resource acquisition for the better achievement of government objectives. Although the Northern Ireland government still talks of partnership, it is a misnomer. This new environment is closer to a grab for the resources that TSOs can offer whether these are legitimacy or expertise, or gains in efficiency.

The larger argument concerns the ways in which TSOs co-construct these emerging policy spaces. This paper has argued that the webs of belief that inform TSOs' interpretations of their interests in turn shape their strategic positioning in policy fields. Interview data reported here with TSOs that are already heavily committed to a particular policy field suggests the kinds of narrative that they use to sustain their position. The argument that this paper addresses is that the institutional contexts in which government TSO partnerships have developed play an important role in the formation of available beliefs. The Northern Ireland case suggests how important these contexts can be. Here, a history in which the idea of partnership was initially sold to the government by the third sector in the context of a shared endeavour to secure the transition of Northern Irish society from conflict to peace, coupled with a political opportunity structure hostile to the formation of interests in the political arena outside of the ethno-religious divisions that structure politics, together starve TSOs of alternative narratives that could sustain visions of their future outside of their resource dependent relations with government. This has left many to interpret their interests as lying in a greater commitment to the newly emerging form of partnership – a government grab for the resources the sector is thought to offer.



Understanding the dynamics of change in government third sector relations requires both close attendance to the meanings that third sector actors give to their strategic positioning decisions together with critical policy analysis and a sharp appreciation of the historical narratives that actors draw on to form the webs of belief that underpin their decisions. This paper has attempted to offer a way in to a wider research agenda.

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